

## Message Text

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C O N F I D E N T I A L TOKYO 9456

EXDIS

E.O.: 11652: GDS

TAGS: JM, S, UN, JA

SUBJECT: GOJ VIEWS ON KOREAN PENINSULA

REF: TOKYO 9397

SUMMARY: IN MEETING WITH FONOFF VICEMIN HOGEN TO DISCUSS UN ASPECTS OF KOREAN SITUATION, DEP ASST SECY SNEIDER REVIEWED USG POSITION AND SOUGHT GOJ COMMITMENT TO AVOID GESTURES TOWARD DPRK DURING DELICATE PHASE PRIOR TO UNGA CONSIDERATION OF KOREAN QUESTION. HOGEN REVIEWED REASONS WHY GOJ BELIEVES SOME CONTACTS WITH PYONGYANG ARE USEFUL, INDICATED GOJ ALREADY COMMITTED TO PROVIDING CREDITS FOR CONSTRUCTION ONE SMALL PLANT, BUT SAID GOJ WILL DO BEST TO AVOID OTHER GESTURES TO DPRK AT THIS TIME. END OF SUMMARY.

1. DEP ASST SECY SNEIDER CALLED ON FONMIN HOGEN JULY 23 TO EXCHANGE VIEWS ON UN ASPECTS OF SITUATION IN KOREAN PENINSULA. SNEDIER MADE ESSENTIALLY SAME PRESENTATION AS PREVIOUSLY GIVEN TO ASIAN AFFAIRS DIRGEN YOSHIDA (REFTEL) AND CONCLUDED BY ASKING AGAIN THAT GOJ FOR TIME BEING HOLD OFF ANY GESTURES TOWARD DPRK, INCLUDING CREDITS OR OFFICIAL VISITS.

2. HOGEN, CITING SEVERAL YEARS EXPERIENCE DEALING WITH  
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TRIANGULAR PROBLEMS INVOLVING JAPAN, SOUTH AND NORTH

KOREA, REJOINED THAT GOJ POLICY OF CAREFULLY CALCULATED AND LIMITED CONTACTS WITH PYONGYANG HAS BEEN DEMONSTRABLE SUCCESS. DESPITE PROTESTS FROM ROK, GOJ HAD PERMITTED NORTH-LEANING KOREANS RESIDENT IN JAPAN TO VISIT PYONGYANG AND RETURN BECAUSE THIS EXPERIENCE OPENED EYES AT BOTH ENDS. ONE RESULT, ACCORDING TO HOGEN, IS THAT OF 600,000 KOREANS RESIDENT IN JAPAN, APPROXIMATELY 360,000 NOW ARE SYMPATHETIC TOWARD ROK, WHEREAS ONLY FEW YEARS AGO APPROXIMATELY 350,000 PREFERRED DPRK. MOREOVER, THESE PEOPLE HAVE CEASED TO SEND THEIR CHILDREN TO SCHOOLS RUN BY PRO-DPRK CHOSEN SOREN, PREFERRING INSTEAD THAT CHILDREN ATTEND REGULAR JAPANESE SCHOOLS. HOGEN OBSERVED THAT EVEN ROK IS NOW TAKING MORE FLEXIBLE LINE, THOUGH IT SOMETIMES ASKS GOJ TO BE MORE STRICT TOWARD DPRK THAN ROK ITSELF.

3. HOGEN SAID IMMEDIATE ASPECTS OF PROBLEM HAD BEEN THOROUGHLY DISCUSSED BETWEEN FONMIN OHIRA AND PRIMIN KIM CHONG PIL ON JUNE 13 IN TOKYO. AT THAT TIME OHIRA EXPLAINED BASIC GOJ POLICY IS TO PROVIDE EX-IM CREDITS ON CASE BY CASE BASIS, AND ONLY FOR SMALL-SCALE PROJECTS OF CLEARLY PEACEFUL NATURE. ON THIS BASIS GOJ RECENTLY AGREED TO GRANT EXIM CREDITS FOR FIRST TIME TO NORTH KOREA. CASE INVOLVES SALE OF PLANT TO PRODUCE COTTON TOWELING. PLANT COSTS \$1.8 MILLION, TERMS ARE 6.5 PERCENT INTER-

EST, 20 PERCENT DOWN PAYMENT WITH TOTAL REPAYMENT WITHIN THREE YEARS. GOJ BELIEVES TOWELING FACTORY WILL HAVE SAME IMPACT AS JAPAN-RESIDENT KOREANS VISITING THEIR HOME COUNTRY SINCE IT DEMONSTRATES THAT KIM IL SONG REGIME CANNOT EVEN PRODUCE SUCH ELEMENTARY PRODUCT FOR ITS OWN PEOPLE. OHIRA HAD STRESSED THAT JAPAN HAS NO INTENTION OF IMPROVING DPRK WAR POTENTIAL BUT DOES WISH TO OPEN DOOR FOR NORTH KOREANS TO GET BETTER VIEW OF CIVILIZED WORLD. HOGEN SAID PRIMIN KIM HAD UNDERSTOOD GOJ POLICY, INCLUDING TOWELING PLANT SALE. HE ADDED THAT GOJ PLANS TO GIVE THIS TRANSACTION NO RPT NO PUBLICITY.

4. HOGEN THEN SAID VISITS BY DIET MEMBERS, INCLUDING LDP, POSES MORE DIFFICULT PROBLEM. PENDING ARRANGEMENTS TO SEND DELEGATION OF LDP DIET MEMBERS TO PYONGYANG CAN CONFIDENTIAL

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PROBABLY BE STOPPED OR AT LEAST POSTPONED, BUT AS US UNDERSTANDS, POLITICIANS ARE DIFFICULT TO CONTROL. HOGEN CONCLUDED REVIEW OF GOJ POLICY BY OBSERVING THAT US AND JAPAN ARE FULLY IN ACCORD ON BASIC PRINCIPLES FOR HANDLING KOREAN QUESTIONS.

5. HOGEN THEN EXPANDED ON FUNDAMENTAL JAPANESE ATTITUDES TOWARD LONG-TERM PROSPECTS IN KOREAN PENINSULA. HE

NOTED THAT HISTORICALLY BOTH CHINA AND USSR HAVE ATTEMPTED TO CONTROL PENINSULA. UNDER CURRENT CIRCUMSTANCES, NEITHER WILL WISH TO URGE DPRK TO TAKE MORE ACCOMMODATING VIEW OF ROK. JAPANESE INTERESTS REQUIRE INDEPENDENT NORTH KOREA AS EFFECTIVE BUFFER; THEREFORE, GOJ MUST ENCOURAGE NORTH KOREAN INDEPENDENCE IN ALL DIRECTIONS, INCLUDING TOWARD JAPAN. OF COURSE GOJ ALSO WISHES TO ENCOURAGE ROK AND IN THIS CONNECTION HOGEN MENTIONED MINISTERIAL LEVEL CONFERENCE IN SEPTEMBER AT WHICH TIME GOJ WILL MAKE FURTHER COMMITMENTS FOR ASSISTANCE.

6. COMMENTING ON HOGEN'S PRESENTATION, SNEIDER MADE FOLLOWING POINTS: (A) TOWELING PLANT PROJECT COULD BE UNDERSTOOD, PARTICULARLY IF IT HAS BEEN ACCEPTED BY PRIMIN KIM, AND IF THERE ARE NO OTHER SIMILAR PROJECTS AT THIS TIME WHICH WOULD SIGNAL POLICY CHANGE. HOGEN CONFIRMED THAT NO POLICY CHANGE WILL TAKE PLACE AND THAT NO OTHER EXIM FINANCED PROJECTS ARE CURRENTLY UNDER CONSIDERATION FOR DPRK. (B) IN ASKING GOJ TO

EXERCISE RESTRAINT AT THIS TIME, SNEIDER WAS SPEAKING FOR USG AND NOT FOR ROK, WHICH IS FULLY CAPABLE OF DEFENDING ITS OWN VIEWS. (C) WHILE AIMS OF GOJ POLICY TOWARD DPRK ARE UNDERSTANDABLE, IT RUNS TWO RISKS:

(1) NORTH AND SOUTH MIGHT BE SUFFICIENTLY UNNERVED OR EMBOLDENED AS TO RESUME HOSTILITIES; (2) DPRK IS PLAYING CHINA AND USSR OFF AGAINST ONE ANOTHER TO REAP ADVANTAGES THAT COULD BE TO DISADVANTAGE OF US AND JAPAN.

7. COMMENT: HOGEN CLEARLY UNDERSTOOD US POSITION, FULLY AGREED WITH BASIC THRUST, AND GAVE ASSURANCES THAT GOJ WILL MOVE CAUTIOUSLY AND PRUDENTLY IN CONTACTS WITH CONFIDENTIAL

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DPRK. AT SAME TIME, GOJ HAS OBVIOUSLY MADE POLICY DECISION TO PROCEED WITH LOW-LEVEL CONTACTS. FONOFF IS LOOKING FORWARD TO FULL DISCUSSION OF ALL ASPECTS OF KOREAN ISSUE IN NEW YORK IN MID-AUGUST.

8. NOTE: THIS TELEGRAM WAS DRAFTED SUBSEQUENT TO SNEIDERS DEPARTURE FROM TOKYO AND THEREFORE HE DID NOT HAVE OPPORTUNITY TO CLEAR IT SHOESMITH

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